Appointment of Global Advisors

1583. SHRI SURESH KALMADI:
SHRI S. RAMACHANDRAN PILLAI:

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government have appointed global advisors for disinvestment in various Public Section Units in the country;

(b) if so, the details of the criteria for their selection; and

(c) the terms and conditions on which these advisors have been appointed?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Yes, sir. 'Advisors' have been appointed.

(b) The selection of the Advisors is based on the process of Global Competitive Selection in which both Indian & International consultants are eligible to bid. The procedure involves issuing advertisments, both nationally and internationally, as per the transaction requirements, calling the bidders to make presentations before an inter ministerial Committee, evaluation of their presentations on a predetermined criteria, short listing on the basis of evaluation and selection of the lowest bidder among the short listed parties. The criteria used to evaluate the presentation of the disinvestment in specific sector, research capabilities, personnel, infrastructure and investment in India. Understanding of the PSU to be disinvested, team of Advisors, Proposed valuation and methodogy suggested etc.

(c) In cases of Advisors appointed by the Department of Disinvestment, the fees payable to the advisors, generally consist of two components. The first component is called 'success fee' which is

fixed percentage of the gross proceeds to be received by the Government from the disinvestment. Since it is directly linked with the amount of money realisible from disinvestment, it serves as an incentive to the Advisor to get the best price from disinvestment.

The other component of the fee is called 'drop dead fee' which is lump sum amount payable to the advisor only in the event of the transaction being called off by the Government.

The fees for specific transactions vary from transaction to transaction depending on various factors like total realisible value from disinvestment, quantum of work required to complete the transaction, degree of difficulty and chances of success of the transaction etc.

Disinvestment of IPCL

1584. SHRI RAJU PARMAR: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether there has been a proposal under consideration for disinvestment in respect of Indian Petro-chemicals Ltd.;

(b) if so, the details of the proposal and the decision taken thereon;

(c) whether this is likely to render a number of employees jobless and cut down production;

(d) if so, to what extent; and

(e) what arrangements have been and are being made for a golden handshake or VRS for such employees?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) to (e) On the recommendations of Disinvestment Commission, Government have decided to disinvest 25% equity in Indian Petrochemicals Corpn. Ltd. (IPCL) in favour of a strategic buyer through Global Competitive Bids. Pursuant to that decision, the process of disinvestment has been taken up. It has not yet been completed. It is premature at this stage to indicate whether there would be any reduction in manpower or production. Rationalisation of manpower, if any, would be subject